

October 13, 2006

TO: ALL NORTH CAROLINA AGENTS

**MANAGING WINDSTORM EXPOSURES**

As part of a Catastrophe Management Plan implemented by Grain Dealers Mutual Insurance Company, we will strictly monitor and regulate our windstorm exposure to personal property in your state.

To achieve our catastrophe management strategies, we must limit the volume of Homeowners premiums. We have determined at this time that we do not want Homeowners premiums to exceed 17% of our total voluntary premium volume in the state of North Carolina.

A moratorium on Homeowners business will be enacted for any agency that exceeds the established optimal threshold based on 2006 production experience. Individual moratoriums will be on a temporary basis and may be imposed or lifted at six month intervals as of year-end and the end of the second quarter.

You can easily monitor your agency's Homeowners premium volume by accessing your Year To Date Production Totals on our Web Site. The percent of total premium volume is automatically calculated and displayed for each line of business.

ABC Agency Greensboro NC 99999					APPT 11/04/ YTD	E32	GDM, EXC.	A/R	AUG 2006 L O S S R A T I O S					
PERSONAL COVERAGE PROPERTY	CLAIM COUNT	POL NEW	I/FORCE RENEW	INC YTD	AVG C/R	WRITTEN PREMIUM	% INCR	% TOT	CURR YTD	1ST PRV	2ND PRV	3RD PRV	3YR TOT	
		10	28		15.0	7,235	8-	2.5				67	49	37
HOMEOWNER	6	21	188	5	15.0	48,009	6	16.7	33	24	190	54	89	
GEN LIAB						595	37	.2						
UMBRELLA IN MARINE			1		14.7	150	36-	.1						
AUTO LIAB	24	10	399	18-	13.1	132,516	3-	46.0	145	60	28	29	39	
AUTO PHYS	27					86,339	6-	30.0	48	56	36	45	45	
-----														
TOTAL PER	59	41	616	13-	13.7	275,011	3-	95.5	91	51	55	36	48	

We appreciate your cooperation and understanding. If you have any questions or would like assistance managing and monitoring your Homeowners production, please contact your Field Representative or Underwriter.

Bruce Mitchell  
Agency Supervisor